

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Carol C. Lam*

For Further Information, Contact: Assistant U. S. Attorney Faith A. Devine (619) 557-5022

For Immediate Release

THREE INDIVIDUALS CHARGED WITH FRAUD RELATING TO GLOBAL MONEY MANAGEMENT HEDGE FUND

NEWS RELEASE SUMMARY - June 16, 2005

United States Attorney Carol Lam announced the unsealing of a criminal Indictment in San Diego federal court yesterday, charging MARVIN IRWIN FRIEDMAN, PAUL HENRIE LEVY, and ALICE MAE SWIDERSKI with one count of Conspiracy, eight counts of Mail Fraud, eight counts of Wire Fraud, eleven counts of Money Laundering, one count of False Statement to Government Agency and seven counts of Tax Fraud in connection with their participation in a scheme to defraud investors in the Global Money Management hedge fund.

According to Assistant United States Attorney Faith Devine, who is prosecuting the case, the Indictment alleges that FRIEDMAN and LEVY managed the San Diego-based Global Money Management hedge fund through their partnership, LF Global Investments. SWIDERSKI was employed by Global Money Management and LF Global as an office administrator. The Indictment charges FRIEDMAN, LEVY and

SWIDERSKI with obtaining over \$100 million from investors on the basis of false and misleading representations. The Indictment also charges FRIEDMAN, LEVY, and SWIDERSKI with misusing investor funds.

Specifically, according to the Indictment, FRIEDMAN, LEVY, and SWIDERSKI engaged in a scheme to defraud investors in at least three different ways. First, FRIEDMAN, LEVY and SWIDERSKI falsely represented to investors and potential investors that the Global Money Management hedge fund had produced substantial positive returns since its inception in 1993.

Second, according to the Indictment, FRIEDMAN, LEVY, and SWIDERSKI overstated the value of the assets in the Global Money Management hedge fund by issuing false and misleading account statements and partnership tax returns to existing investors. This caused existing investors not to withdraw funds already invested and also caused investors to send more money to Global Money Management.

Third, according to the Indictment, FRIEDMAN, LEVY and SWIDERSKI falsely represented that investor funds would be invested in securities. Instead, FRIEDMAN and LEVY converted investor funds to their own use. FRIEDMAN and LEVY used investor funds to pay personal expenses and transferred substantial sums of investor funds to bank accounts controlled by them. On several occasions, investor funds were deposited into bank accounts in the name of Global Money Management and then immediately transferred to bank accounts controlled by FRIEDMAN and LEVY rather than being invested in securities as represented to investors.

The Indictment charges SWIDERSKI with lying to federal agents about how much money she received from LEVY. FRIEDMAN and SWIDERSKI are also charged with making false statements on tax returns.

In announcing the unsealing of the Indictment, United States Attorney Carol Lam said, “Swindlers come in all shapes and sizes. As a massive fraud masquerading behind an aura of legitimacy, Global Money Management was a huge tragedy for its investors.”

This case is the result of an investigation by the San Diego Corporate Fraud Task Force, a multi-agency task force that is comprised of the Federal Bureau of Investigation-San Diego Division, the Internal

Revenue Service-Criminal Investigation Division, the United States Postal Inspection Service, and the U.S. Department of Homeland Security.

DEFENDANTS

Marvin Irwin Friedman
Paul Henrie Levy
Alice Mae Swiderski

SUMMARY OF CHARGES

- Count 1: Conspiracy (18 U.S.C. § 371): Maximum punishment of 5 years' imprisonment, a fine of \$250,000, and three years supervised release.
- Counts 2-9 Mail Fraud (18 U.S.C. § 1341): Maximum punishment of 20 years' imprisonment, a fine of \$250,000, and three years supervised release.
- Counts 10-17 Wire Fraud (18 U.S.C. § 1343): Maximum punishment of 20 years' imprisonment, a fine of \$250,000, and three years supervised release.
- Counts 18-28 Money Laundering (18 U.S.C. § 1956): Maximum punishment of 20 years' imprisonment, a fine of \$250,000, and three years supervised release.
- Count 29 False Statement (18 U.S.C. § 1001): Maximum punishment of 5 years' imprisonment, a fine of \$250,000, and three years supervised release.
- Counts 30-36 Filing False Tax Return (26 U.S.C. § 7206(1)): Maximum punishment of 3 years' imprisonment, a fine of \$100,000, and one year supervised release.

AGENCIES

Federal Bureau of Investigation
Internal Revenue Service- Criminal Investigation
United States Postal Inspection Service
U.S. Department of Homeland Security

An indictment is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.